



Budget Training

Budget Training

May 14, 2014



Definition and Background

Maximum levy is the maximum amount of tax money which may be raised as determined by statute

Example: The max. levy includes funds such as General Fund, Health Fund, Reassessment Fund, and Park Fund



Definition and Background

Some funds are exempt from the max. levy limitation debt funds and cumulative capital development



Budget Process

- Prepare budget
- Advertise
- Public Hearings
- County Council Review
- Adoption
- Submission to DLGF via Gateway
- DLGF Certifies Budget, Rate, and Levy and Issues a Final Budget Order on or before February 15



What to Bring to Budget Workshops

- Financial Report for 1st six month expenditures broken down by fund
- List of encumbrances
- Any investments
- Completed and totaled Form 1s for each fund



What to Bring to Budget Workshops

- Completed Form 2s for each fund or Financial Report of revenues for estimating
- Confirmed public hearing and adoption dates along with times of each meeting
- Potential advertising dates



Basics of Local Government Budgeting

Questions????



Budget Forms

Budget Form 1 - Budget Estimate

Form 1 is divided into four categories

- Personal Services
- Supplies
- Other Services and Charges
- Capital Outlays
- Township Assistance (townships only)
- Debt Service

Details appropriations by fund and classification



Budget Forms

Budget Form 2 – Estimate of Miscellaneous Revenue

Accounts for revenue other than property taxes

Each fund is listed individually on Form 2



Budget Forms

Budget Form 2 – Estimate of Miscellaneous Revenue

Col A is for revenue to be received 7/1 to 12/31 of current year

Col B is for revenue to be received 1/1 to 12/31 of incoming budget year



Budget Forms

Budget Form 3 – Notice to Taxpayers

Published 10 days before public hearing

10 days between public hearing and adoption

Must answer objecting petitions



Budget Forms

Budget Form 3 – Notice to Taxpayers

Lists date, time and location of public hearing and adoption meeting

Must list fund name, budget estimate, fund levy, excessive levy appeal, current fund levy



Budget Forms

Budget Form 3 – Notice to Taxpayers

Deadlines

First Publication	September 13
Second Publication	September 20
Public Hearing	October 21
Adoption Hearing	November 1



Budget Forms

Budget Form 4

Council signs approving appropriations listed on Line 1 and tax levies and tax rates calculated on Line 16 and Line 17 from Form 4B

The total appropriations, tax levies and tax rates for all funds must be listed



Budget Forms

Budget Form 4 - Resolution of Appropriations

Date must reflect adoption date specified on budget legal ad



Budget Forms

Budget Form 4A

Figures from Form 1

Lists appropriations by fund

If fund is departmentalized lists by department within the fund



Budget Forms

Budget Form 4A

Original Published Budget

Council Adopted Amount



Budget Forms

Budget Form 4B – Financial Statement 16 Line Statement

To be completed for each fund appropriated or fund with a
tax rate and levy

Budget estimate

Financial statement

Proposed tax rate



Budget Forms

Budget Form 4B

Reflects budget, rate and levy as prepared by fiscal officer

Reflects budget, rate and levy as approved by fiscal body



Understanding the 16 Line Statement

Form 4B – Budget Estimate

Sometimes referred to as the “16 line statement”

Shows financial condition for an 18 month period

Provides estimated levy and tax rate



Understanding the 16 Line Statement

Form 4B – Line 1

Represents the total budget estimate for the incoming year

Should equal the total budget amount shown on
Form 1

Should also equal the amount shown on Form 4 or 4A



Understanding the 16 Line Statement

Form 4B – Line 2

Represents the balance of appropriations left to be spent
July through December of current year

Do not try to estimate your expenses for July through
December – use the actual balance of appropriations



Understanding the 16 Line Statement

Form 4B – Line 2

Use the following formula to arrive at Line 2

2013 DLGF approved budget
+ Encumbrances from 2012
+ 2013 additional appropriations 1/1 to 6/30
= Total 2013 appropriations
- Fund disbursements 1/1 to 6/30
+ Unappropriated expenditures
= Balance of appropriations as of 6/30



Understanding the 16 Line Statement

Form 4B – Line 3

Line 3, additional appropriations, is estimated by the taxing unit

If line 2 is not sufficient to cover expenses from 7/1 to 12/31 an amount necessary to cover expenses will be entered

The amount is subject to DLGF approval



Understanding the 16 Line Statement

Form 4B – Lines 4A & 4B

Outstanding Temporary Loans

Line 4A represents temporary loans to be paid back by
12/31 of the current year

Line 4B represents temporary loans to be paid back by
6/30 of the ensuing year



Understanding the 16 Line Statement

Form 4B – Lines 4A & 4B

Temporary loans not paid back by the end of the current year are subject to:

Emergency declaration

Signed resolution/ordinance

Reporting to the DLGF & State Board of Accounts



Understanding the 16 Line Statement

Form 4B – Line 5

Line 5 is the total of Lines 1 through 4B

It represents the estimated expenditures for the 18 month period



Understanding the 16 Line Statement

Form 4B - Line 6

Actual cash balance of the fund as of 6/30

Includes cash & investments

Taken from cash ledger and investment record



Understanding the 16 Line Statement

Form 4B – Line 7

Property taxes to be received 7/1 through 12/31

Information taken from county auditor's certificate

Compare to certified levy less June distribution



Understanding the 16 Line Statement

Form 4B – Line 8A

Non-property tax revenues to be collected 7/1 through
12/31 of the current year

Taken from Form 2 Column A

Be conservative with estimates



Understanding the 16 Line Statement

Form 4B Line 8B

Non-property tax revenues to be collected in the
ensuing year

Taken from Form 2 Column B

Be conservative with estimates



Understanding the 16 Line Statement

Form 4B – Line 9

Total of Lines 6 through 8B

Shows revenues & cash on hand for the 18 month period

Does not include ensuing year's property taxes



Understanding the 16 Line Statement

Form 4B – Line 10

Line 5 minus Line 9

Shows property taxes needed to fund the ensuing year's budget

Can be a negative number



Understanding the 16 Line Statement

Form 4B – Line 11

Amount needed to maintain cash flow

Property tax dollars needed to operate six months less
miscellaneous revenue

Can never be negative



Understanding the 16 Line Statement

Form 4B – Line 12

Lines 12 through 17 apply to funds with property taxes only

Add Lines 10 and 11 to get Line 12



Understanding the 16 Line Statement

Form 4B – Line 13 A

Line 13 A applies only to counties that have adopted
County Adjusted Gross Income Tax (CAGIT)

Replacement credit required for levy reduction

Amounts for 2014 will be provided to the county auditor by
the DLGF



Understanding the 16 Line Statement

Form 4B – Line 13 B

Line 13 B applies only to counties that have adopted Local
Option Income Tax (LOIT Levy Freeze)

Replacement credit required for levy reduction

Amounts for 2014 will be provided to the county auditor by
the DLGF



Understanding the 16 Line Statement

Form 4B – Line 14

Line 14 is the result of Line 12 minus Line 13

Compare to maximum levy

In COIT or non-adopting counties Line 14 will be the same
as Line 12



Understanding the 16 Line Statement

Form 4B – Line 15

Levy Excess

Taxes collected in prior year that are in excess of 100% of
certified levy

Credit applied to ensuing year's levy



Understanding the 16 Line Statement

Form 4B – Line 16

Amount of property tax needed

Same as Line 14

Proposed tax levy to be advertised on Form 3



Understanding the 16 Line Statement

Form 4B – Line 17

Tax rate on each \$100 of assessed value

Equals the result of Line 16 / (net AV/100)

Results in property tax to be levied



County Council Review

County Council is required to review and issue a recommendation for all civil units' budgets, tax rates and tax levies

Schools must file tax rates and levies with County Council for cursory review



County Council Review

Solid Waste Districts, Conservancy Districts, Airport Authorities, Fire Districts and Schools Districts that have appointed boards must have budget adopted by the fiscal body.



County Council Review

If a library unit has a non-elected board and the budget increases more than the state growth factor, the unit's fiscal body is required to act on the budget, tax rates and tax levies and becomes the adopting body.

If a library unit has a non-elected board and the budget does not increase more than the state growth factor, county council will issue a non-binding recommendation



County Council Review

If a taxing unit has an elected board, county council will issue a non-binding recommendation concerning the budgets, tax rates and tax levies

If the taxing unit fails to submit a budget for council review then the unit is held to the previous year's budgets and tax levies

If county council fails to issue a recommendation, the county budgets are held to the previous year's budgets and tax levies



Understanding the 16 Line Statement

Questions????



For More Information

Contact the DLGF

– Courtney Schaafsma

■ 317.234.3937 or
cschaafsma@dlgf.in.gov

– Dan Jones

■ 317.232.0651 or djones@dlgf.in.gov

Latest News: www.in.gov/dlgf